



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, AUGUST 26, 1999
WWW.USDOJ.GOV

AT
(202) 514-2007
TDD (202) 514-1888

OHIO STEEL COMPANY AGREES TO LICENSE PATENTS IN ORDER TO RESOLVE JUSTICE DEPARTMENT'S ANTITRUST CONCERNS

WASHINGTON, D.C. -- AK Steel Corporation today agreed to license patents relating to the manufacture and sale of aluminized stainless steel to Wheeling-Nisshin, in order to resolve the Department of Justice's antitrust concerns regarding AK Steel's proposed acquisition of Armco Inc.

According to the Department, AK Steel has entered into a patent licensing agreement with Wheeling-Nisshin Inc. in response to the Department's concern that the proposed acquisition would lessen competition in the United States for the sale of aluminized 409 stainless steel. Aluminized 409 stainless steel is used primarily in automobile exhaust systems.

AK Steel is the only U.S. producer of aluminized 409 stainless steel, and currently holds two process patents for making the product, as well as the licenses on other product and process patents relating to the product. Armco, which was preparing to manufacture aluminized 409 stainless steel, holds four patents, including the product patents, and has licenses for the two process patents owned by AK Steel.

"As originally structured, the proposed acquisition potentially would have reduced competition by combining the only U.S. producer of aluminized 409 stainless steel with the only other U.S. company that had the rights to make and sell the product under the patents held by AK Steel and Armco," said Joel I. Klein, Assistant Attorney General in charge of the Department's

Antitrust Division. “The license agreement eliminates the anticompetitive features of the transaction before it is allowed to proceed, preserving competition for the benefit of consumers of aluminized stainless steel.”

The license agreement gives Wheeling-Nisshin a non-exclusive, irrevocable license to make, use, and sell aluminized stainless steel in North America. The agreement allows Wheeling-Nisshin to make aluminized stainless steel using AK Steel’s and Armco’s patented processes, or any other process. In addition, the license permits Wheeling-Nisshin, in certain circumstances, to have the product made for it by another company. With the license agreement, Wheeling-Nisshin will have the ability to become a long-term, viable competitor in the manufacture and sale of aluminized stainless steel.

AK Steel is a Delaware corporation headquartered in Middletown, Ohio. It is a major producer of carbon steel.

Armco, which produces flat-rolled stainless steel, is an Ohio corporation, also headquartered in Middletown, Ohio.

Wheeling-Nisshin Inc. is a Delaware corporation doing business as a joint venture of Nisshin Steel Company Ltd. of Japan and Wheeling-Pittsburgh Steel Corporation. Headquartered in Follansbee, West Virginia, the company is one of only three companies in the U.S. that has the facilities for coating steel with an aluminum coating.

###